

104TH CONGRESS  
1ST SESSION

# S. 634

To amend title XIX of the Social Security Act to provide a financial incentive for States to reduce expenditures under the medicaid program, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 27), 1995

Mr. D'AMATO (for himself and Mr. DOLE) introduced the following bill; which was read twice and referred to the Committee on Finance

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# A BILL

To amend title XIX of the Social Security Act to provide a financial incentive for States to reduce expenditures under the medicaid program, and for other purposes.

1       *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

3   **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the "State Medicaid Savings  
5   Incentive Act of 1995".

6   **SEC. 2. MEDICAID SAVINGS INCENTIVE PAYMENTS.**

7       (a) INCENTIVE PAYMENTS.—Section 1903(a) of the  
8   Social Security Act (42 U.S.C. 1396b(a)) is amended—

1                   (1) in paragraph (7), by striking the period and  
2                   inserting “; plus”; and

3                   (2) by adding at the end the following new  
4                   paragraph:

5                 “(8) in the case of a State to which subsection (x)  
6 applies, the amount of the incentive payment determined  
7 under such subsection.”.

8                 (b) INCENTIVE PAYMENT.—Section 1903 of the So-  
9 cial Security Act (42 U.S.C. 1396b) is amended by adding  
10 at the end the following new subsection:

11                 “(x)(1) For purposes of subsection (a)(8), if a State  
12 achieves a rate of growth for a fiscal year which is less  
13 than the State baseline rate of growth for such fiscal year  
14 established under paragraph (3), the Secretary shall make  
15 an incentive payment to the State for the fiscal year in  
16 the amount determined under paragraph (2).

17                 “(2) The amount of any incentive payment shall be  
18 equal to the amount that is 20 percent of the difference  
19 between the amount that the Federal Government would  
20 have paid to a State in a fiscal year for providing medical  
21 assistance in accordance with this title, if State expendi-  
22 tures for providing such assistance had increased by the  
23 State baseline rate of growth established under paragraph  
24 (3) for such fiscal year, and the amount that the Federal  
25 Government paid to such State in the fiscal year for pro-

1 viding medical assistance in accordance with this title  
2 using the actual State rate of growth for State expendi-  
3 tures for providing such assistance.

4        "(3) At the beginning of each fiscal year, the Sec-  
5 retary shall determine for that fiscal year a baseline rate  
6 of growth for medicaid expenditures for each State with  
7 a State plan approved under this title based on—

8            "(A) the historical rate of growth for such ex-  
9 penditures in the State; and

10           "(B) such other factors as the Secretary deems  
11 appropriate.".



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